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By Hand

Mary L. Cottrell, Secretary
Department of Telecommunications & Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: D.T.E. 03-123
Standard Offer and Time to Choose Program

Dear Secretary Cottrell:

I write on behalf of USGen New England, Inc. ("USGenNE"). On October 30, 2003, Massachusetts Electric Company and Nantucket Electric Company (together "Mass. Electric") filed with the Department a request to approve its implementation of a program entitled *Now Is the Time to Choose* and, as the cornerstone of that program, fix the Standard Offer Service Fuel Adjustment ("SOSFA") at the current rate of \$0.01424 through February 2005. On November 25, 2003, the Department issued a notice on Mass. Electric's filing, requesting comments by December 15, 2003.

On December 12, 2003, Mass. Electric filed with the Department a request seeking a 30-day deferral of the comment date on the *Now Is the Time to Choose* portion of its October 30th filing until January 14, 2004. However, Mass. Electric renewed its request for Department approval of the driver of that program, its proposal to fix the SOSFA at the current rate through February 2005.

At the outset, I must emphasize that USGenNE's filing of these limited comments should not be construed by the Department or any person as submission by USGenNE to the jurisdiction of the Department with respect to any matters pertaining to the Wholesale Standard Offer Service ("WSOS") Agreement between Mass. Electric and USGenNE. USGenNE has made known to Mass. Electric its strong objection to certain aspects of Mass. Electric's October 30th request for approval of the *Now Is the Time to Choose* program. Given that Mass. Electric has asked the Department to defer consideration of the program, and given that Mass. Electric and USGenNE are currently in negotiations regarding certain aspects of the program, USGenNE will not now submit to the Department its comments on the program other than with respect to the SOSFA.

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However, should the Department deny Mass. Electric's request for a 30-day deferral, USGenNE respectfully requests an additional three business days in which to provide comments on the program from the date of issuance of such denial.

With respect to Mass. Electric's proposal to create a firm Standard Offer Service rate through the end of the Standard Offer Service period, USGenNE does not object to maintaining the SOSFA at the current level, but does strenuously object to "lock[ing] in the SOSFA" so that "Mass. Electric can assure its customers that . . . they will be better off by moving to the market." At this time, it may be appropriate to maintain the current level of the SOSFA, but only if that level will be adjusted downward at such time as it is necessary to avoid over-collections. USGenNE urges the Department to reject the "floor" aspect of Mass. Electric's SOSFA proposal for three reasons. First, the record in this case does not support the imposition of an absolute floor price for the SOSFA. Second, the Department has rejected similar proposals to mask market signals and to put a thumb on the scale in order to encourage migration to "competitive" supplies in the past and should do so again here. Third, Mass. Electric's request to impose such a floor price violates the terms of the WSOS between Mass. Electric and USGenNE. This attempted breach of the WSOS by Mass. Electric is a matter that is subject to a dispute resolution process which is already underway under the provisions of the WSOS. For the foregoing reasons, the Department should reject Mass. Electric's request to impose a floor on the level of the SOSFA.

Sincerely yours,

Mary Beth Gentleman

MBG/jrd

cc: Jeanne Voveris, Hearing Officer
Thomas G. Robinson, General Counsel
Amy Rabinowitz, Esq.
Mr. James G. Utt
Christopher A. Wilson, Esq.